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SUBJECT: ZILLE SETS AGENDA, SOUNDS CONCILIATORY TONE, IN
PROVINCIAL PARLIAMENT OPENING

¶1. (SBU) Summary: New Western Cape Premier Helen Zille laid out an ambitious policy agenda for the province in her May 29 speech that opened the provincial Parliament, noting that poverty alleviation, infrastructural development, and job creation will be the Democratic Alliance (DA) government's primary goals. To do so, she said her government would take care to work closely with national and municipal governments, carefully audit provincial spending to cut waste, make the public tender process more transparent, and cut red tape that slowed service delivery and hindered private sector investment. Most notably, Zille made several conciliatory statements in her speech toward President Jacob Zuma, suggesting she hopes to move past the verbal sparring with the ANC that has marked her first month in office. End summary.

AN AMBITIOUS, IF REALISTIC, POLICY AGENDA

¶2. (U) Speaking to a packed house at the cramped provincial Parliament chamber in Cape Town, Zille's hour-long address focused mostly on the DA government's key goals for the next five years. Zille emphasized that she did not buy into "gimmicks" like assessments after a government's first 100 days -- the challenges Western Cape faces are too daunting to be addressed right away. While she noted that the province is far ahead of many others in terms of economic growth and service delivery, the DA government cannot afford to stand still. Because of positive perceptions of Western Cape, Zille noted, immigrants were flocking in from other parts of the country and the continent, putting strains on the province's health and education sectors.

¶3. (U) The Premier noted that a recent provincial government legkotla (meeting), the provincial leadership had identified job creation, poverty alleviation, and infrastructural development as the key challenges for the province, and Zille said that her government's policy initiatives would be focused primarily on addressing those goals. Zille then elaborated on some of her government's more specific plans:

--Establishing special economic zones for investors, which would create jobs and develop skills.

--Encouraging industrial clusters, focused on areas wherein Western Cape has competitive advantages. She cited tourism, agriculture, services for the oil and gas industry, and information and communication technology as examples of such areas.

--Instituting tighter financial management controls to ensure that money is spent where it is intended and lowering the possibility of corruption.

--Making the tender process more transparent, including putting all tender information online.

--Working with municipalities, particularly the Cape Town metro, to increase their capacities, particularly in the housing arena.

--Demanding that civil servants adequately perform their jobs and weeding out poor performers.

--Laying out clear lanes in the road with municipalities and national government about which level is responsible for which services. Currently, Zille noted, some issues fall through the cracks because it is unclear who should be addressing them.

¶4. (U) Zille noted, however, that the ongoing global economic crisis will make service delivery challenging in the short to medium term. Already, falling revenue projections mean Western Cape will see its national budget allocation cut by nearly R900 million (about \$110 million) over the next three years. While she said she would fight to ensure Western Cape Qyears. While she said she would fight to ensure Western Cape got its fair share of the budget pie, the province was going to have to do more with less. Hence, Zille said that initial audits had found more than R400 million (about \$50 million) in "fat" in the provincial budget, including salaries of consultants hired by the previous ANC administration who appeared to bring little to the table. She also noted that the private sector had a key development role to play. While noting that her government did not consist of "free market fundamentalists," they did recognize that the state cannot overreach in a recessionary environment.

REACHING OUT TO ZUMA, ANC

¶5. (U) Outside of a few swipes at the missteps of the previous, ANC-controlled, provincial government -- as well as the controversial transfer of 1000 hectares of provincial land to national government just a day before last month's election -- Zille's speech was notable for its conciliatory language. Having set off a verbal firestorm earlier this month by criticizing President Zuma for continuing to have unprotected sex with his wives after having sex with an HIV positive woman, Zille stated early on that "Jacob Zuma is the President of all South Africans" and deserved to be treated with respect. She also addressed another issue causing mild local controversy, her decision to open provincial Parliament a week before Zuma opens national Parliament, noting that the national Parliament had originally set a May 22 date for its opening, and since the provincial budget had to be passed in June, delaying the opening would have unnecessarily rushed budget debate. Zille noted that she had personally explained this to Zuma and that he understood.

¶6. (U) Zille also took on the notion of Western Cape "exceptionalism," noting that she told President Zuma in a phone call the previous day that he should look at Western Cape as an opportunity, not a threat. Contrary to popular beliefs in ANC circles, Zille said, Western Cape was not looking to "secede" from South Africa or become a minority enclave. Rather, the provincial government was looking to solve problems for all of its people, and it needs national government's support to do so.

COMMENT

¶7. (SBU) Zille's speech seemed very much focused on getting beyond the verbal fisticuffs of her first month in office and into the dirty work of governance. Alan Winde, the MEC for Finance, Economic Development, and Tourism, told Econoff at a lunch following the speech that the provincial government understands it cannot go it alone. The South African Constitution vests extensive powers in the national government, so a combative relationship with Pretoria will not be beneficial to the Western Cape. While Zille should be able to work closely with DA-controlled Cape Town for at least the next two years (new Mayor Dan Plato told Econoff he's already seen an improvement in the metro's working relationship with the province), it remains to be seen how "cooperative" the provincial-national government relationship will be -- particularly given the possibility of provincial amalgamation in the coming years.

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